



DEPARTMENT OF HEALTH & HUMAN SERVICES  
Health Care Financing Administration

Center for Medicaid and State Operations  
Family and Children's Health Programs Group  
7500 Security Boulevard  
Baltimore, MD 21244-1850

David W. Hood  
Secretary  
Department of Health and Hospitals  
1201 Capital Access Road  
P.O. Box 629  
Baton Rouge, Louisiana 70821-0629

FEB - 5 2001

Dear Mr. Hood:

Thank you for your proposal, dated December 18, 2000, to amend your State Children's Health Insurance Program (SCHIP) under Title XXI. As you are aware, your proposal has been undergoing review by the Department of Health and Human Services. In order to proceed with our review, we find it necessary to seek further information. Our concern relates to the following area:

- Section 2.3, relating to actions required to prevent substitution. Under Medicaid, such an eligibility condition is inconsistent with the entitlement nature of the program and therefore is not permissible. Furthermore, as you may know, Medicaid rules at 42 CFR §435.914 do not permit waiting periods for children. Although the Department of Health and Human Services (DHHS) initially permitted some contrary practices, DHHS is now requiring all States that currently apply eligibility-related substitution provisions to optional targeted low-income children to come into compliance with this policy.

Louisiana's Title XXI and Title XIX plans currently contain provisions requiring that otherwise eligible children must be uninsured for 3 months prior to becoming eligible for Medicaid and this waiting period would apply to the children you propose to cover through the pending amendment. Please revise your plan to comply with this requirement.

As you know, under Section 2106(c) of the Social Security Act, HCFA must either approve, disapprove, or request additional information on a proposed Title XXI State Plan within ninety days. This constitutes our notification that specified additional information is needed in order to assess fully the concerns raised in this letter. The

90-day review period has been stopped by this request and will resume as soon as the State's response to these questions is received. The members of the review team will be happy to answer any questions you may have in regard to this letter and to assist your staff in formulating a response.

Please send your response, either on disk or electronically, as well as in hard copy, to Regina Fletcher, project officer for the Louisiana's Title XXI proposal, with a copy to the HCFA Region VI office. Ms. Fletcher's Internet address is: [Rfletcher@HCFA.GOV](mailto:Rfletcher@HCFA.GOV). Her mailing address is:

Health Care Financing Administration  
Division of Integrated Health Systems  
Mail Stop **S2-01-16**  
**7500** Security Boulevard  
Baltimore, Maryland **21244-1850**

We appreciate the efforts of your staff and share your goal of providing health care to low-income, uninsured children through Title XXI. If you have questions or concerns regarding the matters raised in this letter, your staff may contact either Ms. Fletcher at **(410) 786-3293** or Andy Frederickson, Acting Associate Regional Administrator for the HCFA Region VI Division of Medicaid, at **(214) 767-6301**. They will provide or arrange for any technical assistance you may require in preparing your response. Your cooperation is greatly appreciated.

Sincerely,

Cindy Mann  
Director

cc: HCFA Region VI Office